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SUBJECT Recent Developments in the Spy Business

SANFORD UNGAR: From National Public Radio in Washington, I'm Sanford Ungar, and this is Communique.

In the old days, during World War II and beyond, the movies set the tone for real-life international intrigue. The good guys were easy to tell apart from the bad. Espionage was conducted, for the most part, by agents in trench coats who dashed through the wet, dark streets of Vienna, Berlin and Geneva, making dead drops, foiling their adversaries with microdots and an occasional poisoned dart.

There's still some of that, of course. But today's intelligence world is one of satellites, computers, listening posts, and other high technology.

On this edition of Communique, a glimpse of that world, and the question: How effective and how secure is Western intelligence?

However streamlined the intelligence business has become, it still involves spies.

ANNOUNCER: The news at 5:45 with Michael Nicholson.

MICHAEL NICHOLSON: The Attorney General, Sir Michael Havers, has declined to answer questions in the Commons about the alleged spy scandal at the Government Communications Headquarters at Cheltenham. He said the matter was sub judice.

An American newspaper has claimed the Russians were able to get hold of....

UNGAR: A number of sensational cases have surfaced in recent days. A Polish banker who was also a part-time spy defected to the United States. A Soviet official who was a KGB agent in Teheran sought asylum in England. But the biggest spy scandal involves a British cab driver who speaks many languages. The allegation is that Geoffrey Arthur Prime was a Soviet agent for 14 years, including the period when he worked as a linguist at Government Communication Headquarters, GCHQ, in Cheltenham near London. There, American and other Western agents participated with the British in eavesdropping in code-breaking efforts directed at the Eastern Bloc.

Estimates vary of the damage that might have been caused if the charges are true. But some experts worry that Mr. Prime may have helped warn the Soviet Union about the targets of British and American surveillance, and he may have revealed Western successes at breaking Soviet codes.

For its part, the British government has said little about the Prime case. Prime Minister Margaret Thatcher has resisted efforts by opposition politicians and the press to learn more.

PRIME MINISTER MARGARET THATCHER: Any charge under Section 1 of the Official Secrets Act is, of course, serious and must give rise to concern. The House will understand, however, that until trial proceedings are completed, I can not, for obvious reasons, make any statement or answer questions on this case or on related matters.

UNGAR: David Leigh writes about intelligence matters for the British newspaper The Observer. I asked him about the reaction to the Prime affair in the closed circles of the British government.

DAVID LEIGH: It's being viewed very seriously by the government. We can tell that by the muffled shrieks and sounds of moving furniture. It's difficult to say how seriously it's being viewed by the public, because the whole thing has been sedulously kept from the British public. It burst into life when Geoffrey Prime was arrested, and immediately fell silent again. And only now with the coverage from the American side of the Atlantic, has it got back into the newspapers. So what you have here is muffled explosions.

UNGAR: Is there any explanation that's available currently for how this kind of thing could happen?

LEIGH: Well, the whole operation, the whole radio eavesdropping operation at Cheltenham, which is called GCHQ, has been, as far as we can tell, a very big, very leaky operation,

probably for 20 years. And no one has known about it because -- well, the very existence of the outfit has been kept from the British public.

What we know is that there have been several major security scandals which have been hushed up, notably in Hong Kong, where it was discovered that all kinds of papers were going missing, that local Chinese were employed and could virtually wander around the building, scooping up sacksfuls of secret tape.

UNGAR: This is the same country that once ran a vast world empire and had a very competent intelligence service to protect and defend that empire. I wonder how things have arrived at this pass, that security should be so shaky within British intelligence.

LEIGH: Well, there've been two reasons. And I think one has been the ideological problems that members of the British ruling class experienced before and during the last war, which led to the Philby scandals.

And the other thing is a structural problem. That when you have a gigantic bureaucracy which runs on intense secrecy, nobody can find out what the hell it's up to, nobody can keep an eye on it. It then becomes ingrown, fossilized, and incompetent.

And the Cheltenham operation has been far and away the biggest British intelligence operation since the war. And insofar as it's been the biggest, it's become the most cumbersome, the most lazy, the most inefficient, because it's been protected from all public scrutiny.

UNGAR: You mentioned that there were ideological problems. We often get the impression that when there are espionage scandals in this country, that they relate to financial motives, that foreign powers find people who need money or want money or with personal problems. Whereas we get the impression that in Britain many of these security scandals have to do with ideology instead, with the people believing in what they're doing instead of doing it for money.

Is that a fair impression?

LEIGH: Well, this one is different from the ones you're probably thinking of, the ones that involved Philby and Sir Anthony Blount of the Queen's household. But the ideology or the idealism you saw in the famous British spy cases was all a sort of perversive upper-class hatred of their own parents, to oversimplify a little, perhaps. It was a ruling class phenomenon. They were all people who became idealistic communists in the 1930s and the early 1940s.

Geoffrey Prime, if he was recruited by the Russians in Berlin in the early '60s, when he was a young man, came from a very different generation. He may well have been ideological. But if so, he's from a different kettle.

UNGAR: Viewing this as you do and from the vantage point that you do, if you were in the American government, responsible for intelligence and security matters now, would you be inclined to trust the British government with your secrets?

LEIGH: Well, I don't think the American government's been that inclined to trust the British government for a long time. But the fact remains that the eavesdropping operation, the monitoring operation has been integrated. The National Security Agency in Fort Meade and the British operation at Cheltenham have been totally integrated since 1947, when a joint pact was set up to distribute the job of monitoring throughout the world. And the British are the junior partners, but they've got terrific expertise in decrypting, for example, and the Americans rely on that quite a lot.

While they're going to work together, there's no alternative but to have a certain amount of trust.

UNGAR: David Leigh of The London Observer.

What about the National Security Agency, the most secretive component in the American intelligence community? James Bamford has just published a book about NSA called "The Puzzle Palace."

JAMES BAMFORD: Well, American capability for gathering technical intelligence is very good. Satellite reconnaissance with spacecraft able to take pictures with resolutions down to six inches and signal intelligence satellites that can pick up microwave signals sent between cities in the Soviet Union and in between embassies has really taken away a lot of the need for the actual human agent. And that's why the Senate Intelligence Committee, in '75, concluded that the most influential figure in the intelligence community is the Director of NSA.

UNGAR: Well now, does that mean, if NSA has this capability and can do so much, does that mean we shouldn't worry about things like this recent -- this apparent compromise in Britain at the center which translates messages and forwards messages back and forth?

BAMFORD: No, I think it's of major concern to the United States. It's probably the biggest blow to United States intelligence, at least, in two decades. And possibly...

UNGAR: Really?

BAMFORD: ...since the Second World War.

Mr. Prime was charged, for one thing, he was charged for a very long period of time. It was charged for 14 years selling the Soviet Union, or at least giving the Soviet Union secrets for 14 years. And possibly one of the most significant aspects of the charge was taht he was charged up until December 31st, 1981. Prime had left GCHQ in 1977 and had worked as a wine salesman and a taxi driver. Yet during those three years, he was still charged with espionage, which leads one to believe that there might be another co-conspirator still in GCHQ, or at least there had been one in there for those three years that Prime didn't have access to the agency.

UNGAR: I guess that leads to the question of, you know, what good does it do to have this high-tech and super-duper agency, the NSA, if a security breach can be so simply established at a translating center outside of London?

BAMFORD: That is a question. The NSA itself has had a number of major security breaches. As a matter of fact, the NSA is probably the agency that's been most penetrated, more than any other agency in the United States Government. Since the mid-sixties it's gotten better. But the people that work at NSA and GCHQ are among the most desirable targets of the Soviet Union in terms of recruiting spies.

UNGAR: Why the United States has been relatively ineffective at preventing those security breaches at NSA?

BAMFORD: Well, one problem that NSA has is, as opposed to the CIA, which subjects everybody to a polygraph -- you can't go to work for the CIA without going through a lie-detector test. At the NSA, the policy has always been that they only polygraph the civilian employees. So if an Army sergeant or a military employee goes to work for the NSA, he doesn't have to have the polygraph. And in the past, that's where a lot of the breaches have happened.

And there was a study done in the intelligence community, and they found that a number of military people every year try to switch over to be civilians at NSA. After they leave the military, they want to stay on as a civilian. And when they do that, they have to take the polygraph. And they've found out that there's at least -- I think it's 10 or 15 percent every year that don't get in the door as a civilian because they flunk the polygraph. And these are the same people that have been working there for a year.

UNGAR: James Bamford, the author of "The Puzzle Palace: America's Most Secret Agency."

GEORGE CARVER: Intelligence agencies are composed of human beings, who tend to be fallible. And therefore absolute security is a foolish goal that will never be achieved.

UNGAR: George Carver is a retired intelligence officer and high-level CIA official.

CARVER: Human beings have their full quota of human weaknesses. They're prone to talk. They're prone to be indiscreet. They're prone to get themselves into various types of trouble from which others can profit.

I think, on the whole, GCHQ and NSA are about as secure as any Free World intelligence organization can be. The British, for example, have strong cultural bias against making use of the polygraph. We, in our more sensitive intelligence components, use the polygraph on a fairly routine basis. Now, the polygraph is a very fallible instrument, but it is extremely good for hedging against precisely the type of problem that Prime represented. Because the polygraph will not tell you yes, no, this man's lying; it will indicate sensitivity to certain areas of questioning. And if a person gets a flat question of are you cooperating with a hostile power, the chances are that there will be a degree of sensitivity registered which will twig a moderately intelligent investigator or interrogator into recognizing that there's something he better look into further.

RAY CLINE: I've got a hundred calls in the last couple days on this issue. And here I've spent the last nine years trying to get people interested in the constructive role intelligence plays in decision-making in the United States Government. And it's uphill work and it's sweating and agony. Yet every time there's some weird-sounding, bizarre disaster that strikes some intelligence community, even this time the British one, then everybody wants to talk about intelligence.

UNGAR: Ray Cline is a former Deputy Director of the CIA. He's now at the Georgetown University Center for Strategic and International Studies.

CLINE: My view sit hat the interest in this event is probably out of proportion to its importance. We are not talking about revealing whether or not the British or the Americans are reading high-level Soviet diplomatic cipher and code traffic.

UNGAR: You don't think it's...

CLINE: The answer is no. Nobody's reading that kind of

stuff. They're not reading ours and we're not reading theirs, and we both know enough about the state of the art to know that except in some rare circumstance where there is a malfunction of equipment or misuse of equipment, which occasionally happens, you damn well don't break modern codes.

So, what you do in the signals community is study much more fine-tuned technical aspects of communications procedures and practices, trying to identify where groups are, what they're doing, what military units are deployed where, what kind of weapons they have that use electronic gear.

I think what they've learned from this character was probably a hell of a lot of organizational and procedural techniques which they will be very delighted to have and will try to use to adjust their procedures in using signals equipment so as to reveal the minimum that is unavoidable to be revealed in the use of modern communications gear.

But then you're talking about the stuff that is called magic or ultra, the high command, the diplomatic instructions, and so on, I don't think we have got that for years from breaking codes. You're much more likely to get it from an espionage penetration.

UNGAR: Now, this is the opposite of what we've been told in recent years. We've been led to believe in recent years that human intelligence is becoming less and less useful, less and less necessary, that the machines can do it all.

CLINE: I don't believe that. The result of the volume of signals and the supplanting of signals as the main source of information by imagery, photography and other kinds of images, is that the hardest thing to get is intention and forward planning of the use of military or political facilities, weapons; and that that, still, you have to have a spy, you have to have a human being, go find a human being who knows what's happening.

UNGAR: Well, what's the quality of our spying, as compared to the Soviet spying, these days?

CLINE: Well, I simply don't know. I've been out of the espionage business for nine years. And we came very close, in my view, to destroying our capability to do any espionage because of our over-fascination with machinery and technology and our belief that espionage was a little immoral anyway, that spying gets you in trouble and leads to covert political action.

UNGAR: Not an all-American thing.

CLINE: God knows what kind of non-Boy-Scout activities.

So I think we came very near to destroying our clandestine capability, which can be used either for the collection of information secretly or for trying to influence events secretly, which is what covert action is.

UNGAR: The distaste that seemed to arise in the mid-seventies had to do with, really with covert action, didn't it?

CLINE: That's right. But...

UNGAR: And maybe there was too much confusion between the gathering of information and the covert action, and that's what caused the problem.

CLINE: I think there may have been such confusion. But I think the worst problem is that people failed to realize that the same clandestine network of human beings has to be put in place to do either job.

And, of course, it reached the pitiful proportions in the last half of the 'seventies when there was clearly a deliberate effort by President Carter, and I think encouraged somewhat by Walter Mondale, based on his association with the Church investigation, to get rid of all the clandestine aspects of CIA. You remember they fired hundreds of the most experienced officers and lost, in a sense, the institutional memory of what the intelligence process is about.

ADMIRAL STANSFIELD TURNER: That's quite untrue. Mr. Cline is a little out of date, I'm afraid.

UNGAR: Retired Admiral Stansfield Turner was Director of Central Intelligence during the Carter Administration.

ADMIRAL TURNER: The intelligence service consists of several elements. There's the clandestine service that does the espionage work. There's the analytic service that analyzes the material that's brought in. And there's the technical side that uses satellites and other technical systems to collect information.

I think there's no question that all three of those were strengthened in the period of the 1970s, particularly after we got through the investigations of the Church Committee and used those findings to help strengthen the intelligence organization by putting on a reasonable degree of control so that there wouldn't be the mistakes of the past and finding the right incentives to get the right kind of people and the right kind of coordination of intelligence to bring the whole thing together better.

UNGAR: Well, what about all the people that were fired? That's one of the questions that's raised. A lot of people...

ADMIRAL TURNER: How many people do you think were fired, Sandy?

UNGAR: Well, the figure that is cited is hundreds.

ADMIRAL TURNER: No. Fifty-seven.

UNGAR: Really?

ADMIRAL TURNER: And of that, forty were not really fired, they were moved to different places inside the Central Intelligence Agency. So about 17 left the agency. It was by no means a disabling event.

UNGAR: So you feel that, in the end, the intelligence service and the CIA in particular were strengthened.

ADMIRAL TURNER: Oh, much strengthened. I believe that we have a much more active covert activity program today. There was almost nothing going on when the Carter Administration took over, and we left it with a very active program. I think the whole clandestine espionage activity was much strengthened during that time. There are those who think we put too much emphasis on electronic work and satellite work. Now, that's really not the case. But you do have to recognize that you use your espionage differently when you're also getting satellite and electronic information. And that's what we were doing during the Carter time, was focusing, sharpening the use of the espionage department so that it complemented the technical collection, rather than overlapping it.

UNGAR: Admiral Turner, there's a lot of talk about the morale within the CIA. Do you think that morale has plunged and been damaged over the years?

ADMIRAL TURNER: Well, there's no question there was a drop in morale during the period of great public criticism following the Church Committee and other investigations. But let me say a couple of things about that.

If I ever have to run an organization that has bad morale, let me have the CIA, because those people worked just as hard, I believe, whether they had good morale or bad.

Secondly, though, about 1978, early 1979 that began to turn, because the public attitude in this country began to understand that you can't be so critical of a major and important element like the CIA and still hope to have it work effectively.

So, with that change in public opinion, the morale began to come back.

UNGAR: There has also been a change in public attitude in terms of what is expected of the United States in the world, isn't there? In other words, the standards that are applied to the United States are somewhat different today from what are referred to as the glory days of American intelligence.

ADMIRAL TURNER: Well, that's true. And I think it's a good thing that the world expects better performance out of us and higher standards and higher morality. But that doesn't mean you can't have a good dirty tricks department in the Central Intelligence Agency. But you don't want in that department a lot of immoral people, like Edwin P. Wilson, who's now up for criminal proceedings in this country.

Today, when you do have reasonable controls and checks on the Central Intelligence Agency, a very moral and ethical person can undertake anything that the agency asks him to do, because he knows it is really fully authorized and desired by the government of his country.

UNGAR: Former CIA Director Stansfield Turner.

Anne Karalekas was a staff member of the Senate Intelligence Committee until 1978 and she's now a management consultant with McKinsey & Company.

ANNE KARALEKAS: Well, I think it's important to distinguish between the quality of technical intelligence effort that we have mounted over the last 35 years and the more subtle interpretive political and economic kinds of finished intelligence that the community generates. There's no question that we have been able to develop a superior technical intelligence effort and have been very innovative in the development of those kinds of systems. On more subtle questions of political and economic analysis and interpretation, I think we fall short.

UNGAR: What you're saying is we get terrific information, and then don't know what to do with it.

KARALEKAS: And it's more subtle than that. It's also a question of our being alert to the more subtle forces of change that may exist in a particular country or in a particular region.

UNGAR: There's been a criticism from time to time that some American intelligence is what's known as policy-directed intelligence, that sometimes the intelligence community tries to provide information that the policymakers were looking for. Some

people say that was a problem in Vietnam. Others suggest that Iran was also a case that we told ourselves what we wanted to hear about the Shah, rather than what was really happening.

KARALEKAS: I think that Vietnam and Iran provide two good and different examples of some of the tensions that exist between intelligence and policy.

In the case of Vietnam, you'll remember from the Pentagon Papers, the CIA was very adamant about the ineffectiveness of the bombing effort and the continuing escalation of the bombing after...

UNGAR: That's right. And nobody wanted to believe them at that point.

KARALEKAS: That's exactly right. And you had an Administration that was very committed to Rolling Thunder, the escalating bombing program over North Vietnam. And the agency was quite consistent in its opposition. That was an example, I think, of policymakers being less willing to accept what they were hearing from the intelligence community. In many cases, policymakers consider themselves their own best source of intelligence; and they are inclined, in many cases, not to hear conflicting points of view.

In the case of Iran, I think we have a different example. Iran has been -- the intelligence community's performance in Iran has been criticized because of our failure, its failure, to predict the fall of the Shah. I really don't think that's a valuable criteria by which to judge intelligence performance. I think intelligence in Iran might have been faulted more on the question of the failure to identify emerging forces of change, and, for example, the strength and emergence of the Islamic fundamentalists over time and the degree of threat that it posed to the Shah over the long term. But that's much more a function of intelligence identifying alternative scenarios and...

UNGAR: And knowing what to look at, perhaps.

KARALEKAS: And knowing what to look at, and assessing the possibilities and the likelihood of change.

UNGAR: Anne Karalekas.

Meanwhile, the case of Geoffrey Arthur Prime continues to percolate and to raise questions about the security of Western intelligence.

Again, British journalist David Leigh.

LEIGH: Obviously, there is going to be a great amount of shutting the stable door after the horse has gone. There are new security measures announced every day. I expect they will tighten up the security clearance system, what's called positive vetting. There'll be all kinds of measures like that. But they won't make any fundamental difference because the fundamental point is that somebody was allowed to be in the heart of the British intelligence operation, the heart of the Atlantic intelligence operation for 13 or 14 years; and I must say, it hasn't actually made any difference. As some of the papers are beginning to point out here, it didn't actually lead to World War III, that the Russians apparently knew exactly how much we knew of their codes, that they even knew exactly what the disposition of NATO forces was. The world that did not come to an end.

If it proves anything, it probably proves what some people tend to say anyway in the intelligence world: that the more we all know of what each other's up to, the more stable the situation is.

CARVER: Now, if you follow Mr. Leigh's argument out, then you're saying that it would be best for all if all societies were totally open. That probably would be a better world than the one in which we unfortunately have no choice but to live. But so long as we do live in the world in which we have no choice but to live, where there are powers that are trying to aggrandize themselves and to expand their influence and work against us, then it is essential that we have a measure of protection on our own plans, intentions, defense capabilities, etcetera.

And I think that you have to say, to be fair, that GCHQ and NSA, considering all their potential vulnerabilities, have, on balance, a very good track record for security. But the fact that there have been serious lapses on both remind us that the world is espionage does exist and that the price of liberty, as was said 200 years ago, will always, unfortunately, have to be eternal vigilance.

UNGAR: Retired CIA official George Carver, now at Georgetown University.

For Communique, I'm Sanford Ungar.